

Contractor or Employee IRS Checklist

The IRS has compiled the following 20-point checklist to use as a guideline in determining if a person should be paid as an employee or a contractor. You should use this checklist in determining how your school should pay individuals. This checklist does not give an automatic answer but should be used as a guide in determining how to classify individuals. If you have any questions after completing the checklist please contact Amy Martin or Laura Nance at the central office for assistance in determining classification.

Yes No

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. Must the individual take instructions from your management staff regarding when, where, and how work is to be done? |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Does the individual receive training from your company? |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. Is the success or continuation of your business somewhat dependent on the type of service provided by the individual? |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. Must the individual personally perform the contracted services? |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Have you hired, supervised, or paid individuals to assist the worker in completing the project stated in the contract? |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. Is there a continuing relationship between your company and the individual? |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. Must the individual work set hours? |
| <input type="checkbox"/> | <input type="checkbox"/> | 8. Is the individual required to work full time at your company? |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. Is the work performed on company premises? |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. Is the individual required to follow a set sequence or routine in the performance of his work? |
| <input type="checkbox"/> | <input type="checkbox"/> | 11. Must the individual give you reports regarding his/her work? |
| <input type="checkbox"/> | <input type="checkbox"/> | 12. Is the individual paid by the hour, week, or month? |
| <input type="checkbox"/> | <input type="checkbox"/> | 13. Do you reimburse the individual for business/travel expenses? |
| <input type="checkbox"/> | <input type="checkbox"/> | 14. Do you supply the individual with needed tools or materials? |

- 15.** Have you made a significant investment in facilities used by the individual to perform services?
- 16.** Is the individual free from suffering a loss or realizing a profit based on his work?
- 17.** Does the individual only perform services for your company?
- 18.** Does the individual limit the availability of his services to the general public?
- 19.** Do you have the right to discharge the individual?
- 20.** May the individual terminate his services at any time?

In general, "NO" answers to questions 1-16 and "YES" answers to questions 17-20 indicate an independent contractor but does not necessarily guarantee independent contractor treatment. As stated above if you have any doubts after completing the checklist please contact Amy Martin or Laura Nance at the central office for assistance in determining classification.